GOVERNMENT OF INDIA
MICRO,SMALL AND MEDIUM ENTERPRISES
LOK SABHA

STARRED QUESTION NO:313
ANSWERED ON:08.08.2016
Promotion of Khadi
Noor Smt. Mausam

Will the Minister of MICRO,SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether adequate steps have been taken/being taken by the Government to promote Khadi products and if so, the details thereof along with the schemes/programmes under implementation;

(b) whether any proposal submitted by the Khadi and Village Industries Commission for introducing Khadi as the first preferred material in schools and other establishments is under the consideration of the Government; and

(c) if so, the details and the status thereof?

Answer

MINISTER IN THE MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI KALRAJ MISHRA)

(a)to(c): A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION No.*313 FOR ANSWER ON 08.08.2016

(a): The following steps have been taken by the Government to promote Khadi products:

i) A network of more than 7050 sales outlets alongwith 7 Departmental Khadi Gramodyog Bhavans and one Gramshilpa are in existence in the country. The Departmental Khadi Gramodyog Bhavans located at Metropolitan & major cities and other urban areas played an important role creating a link between the rural artisans producing variety of products and the elite urban consumers living in urban areas by managing availability of the exclusive items for consumers of all age group under one roof.

ii) The Government, in order to boost export of khadi products, has given deemed 'Export Promotion Council' status to Khadi and Village Industries Commission (KVIC) under which KVIC has already enlisted more than 900 exporters. There is a provision of providing incentive in the form of 5% FOB value of direct export of khadi products. Besides, KVIC has also been focusing on quality participation in International Exhibitions and Buyer-Seller Meets abroad to tap new/emerging markets for khadi products.

iii) Domestic exhibitions under different levels are organized to support units/ institutions under KVI sector to promote KVI products and also conduct sale.

iv) KVIC alongwith representatives of KVI institutions and PMEGP units participate in International exhibitions/Fairs organized by ITPO/FIEO etc. in different countries to exhibit and sell KVI products.

v) Financial assistance has been provided for the renovation/modernization of Sales Outlets of institutions as well as Departmental Sales Outlets (DSOs) of KVIC and State KVIBs under the scheme of "Assistance for Marketing Infrastructure".

The following schemes/programmes are being implemented by KVIC for development of Khadi:

(i) Market Development Assistance (MDA) Scheme
(ii) Interest Subsidy Eligibility Certificate (ISEC) Scheme
(iii) Workshed Scheme for Khadi Artisans
(iv) Scheme for Strengthening of Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure

(v) Aam Admi Bima Yojana
(vi) Artisan Welfare Fund Trust (AWFT)

i) MDA introduced w.e.f 01.04.2010, a flexible, growth stimulating and artisan oriented Market Development Assistance (MDA) Scheme, in place of the erstwhile system of Rebate. Under MDA, financial assistance is provided to institutions @ 20% of the value of production of khadi and polyvastra, to be shared among artisans, producing institutions and selling institutions in the ratio 25:30:45. MDA provides institutions a flexibility to use the assistance for improving the outlets, products and production processes, besides giving incentive to customers, etc.

ii) ISEC scheme introduced in May 1977 to mobilize funds from banking institutions for filling the gap between the actual fund requirements and availability of funds from budgetary sources. Under the Scheme, credit at the concessional rate on interest is made available as per the requirement of loan of the institutions. The institution is required to pay only 4% and interest charged by banks over 4% will be paid by Central Government through KVIC.

iii) Workshed Scheme for Khadi Artisans was introduced in 2008-09 for providing financial assistance for construction of worksheds to khadi artisans belonging to BPL category through the khadi institutions with which the khadi artisans are associated. The maximum quantum of assistance for individual workshed is Rs.60,000 and for the Group Workshed is Rs.40,000 per capita.

iv) Scheme for Strengthening of Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure: Under the scheme, financial assistance is provided to existing weak Khadi institutions for strengthening of their infrastructure and for renovation of selected khadi sales outlets. In order to facilitate the need-based support towards the Khadi sector for nursing the sick/problematic institutions elevated from "D" to "C" category as well as those whose production, sales and employment have been declining while they have potential to attain normalcy and to support creation of marketing infrastructure in other identified outlets.

v) Aam Admi Bima Yojana - KVIC, in association with Life Insurance corporation of India (LIC) implements a group insurance scheme named Aam Admi Bima Yojana (earlier known as Khadi Karigar 'Janshree Bima Yojana' which was merged with Aam Admi Bima Yojana w.e.f. 1.1.2013) to provide insurance cover to khadi artisans against normal and accidental death and disability. The scheme offers an add-on benefit, a scholarship of Rs.100 each per month for upto two school going children of the insured artisans studying in standard IX to XII and in courses offered by Industrial Training Institutes (ITIs). The compensation under this scheme has also been increased by 50 per cent which is now ?30,000/- in natural death, ?75,000/- in accidental death and in full permanent disability due to accident, ?37,500 in part permanent disability due to accident.

vi) Artisan Welfare Fund Trusts (AWFTs) is conceptually meant to be run on the lines of a Provident Fund. Membership of AWTF is mandatory for all khadi and polyvastra producing institutions affiliated to KVIC and State KVIBs. All the Institutions categorized as A+, A, B and C are eligible to join the Trust Fund. This Fund has been functioning in 21 States and the concerned State Government manages it.

(b) & (c): No proposal has been submitted by the Khadi and Village Industries Commission (KVIC) for introducing Khadi as the first preferred material in schools and other establishments. However, KVIC has written to the Ministry of HRD and State Governments Education Boards, for introducing Khadi for School Uniforms. Similarly, Ministry of Health and Family Welfare and State Government Hospitals have been requested to examine the proposal of introduction of Khadi in their respective establishments.